

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today. My name is Gene Pharr. I am a poultry and cattle farmer from Lincoln, Arkansas. I own and operate five (43ft x 500ft) broiler houses. Poultry is the primary source of income on our farm. I have been an active participant in the Environmental Quality Incentives Program (EQIP), as I used the cost-share program to build a 40ft x 60ft stacking shed and use alum to tie up phosphorus in the broiler litter. Neither of these two practices contributes much to my bottom line but they allow me to help protect the water quality that leaves my farm.

Poultry farmers have been blamed for polluting the water in northwest Arkansas but I can remember how muddy the Illinois River used to be after a rain when most of the land was tilled each year. The availability of poultry litter has turned the eroding hillsides into beautiful permanent pastures which allow little soil erosion when it rains. These pastures support more cattle to improve the profitability of the farms.

Arkansas produces over 1.2 billion broilers each year and ranks second in the nation in broiler production. The state ranks third in turkeys and fifth in egg production. The poultry industry accounts for nearly fifty percent of Arkansas agriculture, based on the value of production. Many poultry farmers are in trouble due to rapidly increasing prices of energy.

Outdated U.S. energy policies led to over-dependence on foreign sources to meet our country's energy needs and resulted in severe energy price volatility. High energy costs remain a major uncertainty as farmers try to cope with the high cost of production. In my case propane is the major energy cost and the cost has nearly tripled in the 7 years that I have had my houses. Electricity has recently risen drastically because of transportation problems with coal, forcing the use of higher cost electricity generated by natural gas. The rise in energy cost has put most poultry producers in a bind where they can barely survive.

In addition to the financial hardship of rapidly rising prices we face an uncertain future as the Attorney general of Oklahoma has attacked the poultry companies claiming poultry litter is hazardous material. The EPA currently is trying to determine if the ammonia that comes from our houses exceeds a threshold that was designed for releases from industry, not from bacterial action in animal manure.

The 2002 Farm Bill was carefully crafted to provide a safety net to farmers and ranchers while also supporting the rural economy. The conservation provisions resulted in the "greenest" farm bill ever. The farm bill strengthened our economy by encouraging more than \$62 billion in agricultural exports in 2005. Current farm programs enable the U.S. to export production from approximately one out of every four acres. More than 17 percent of the total American workforce produces processes and sells the nation's food and fiber. By any measure, agriculture is the backbone of our nation's economy and an invaluable component to our national security.

The authors of the 2002 Farm Bill should be commended for the increase in funding working land programs, such as EQIP and CSP. I believe it is important we maintain a balance between the working land conservation programs and land retirement programs.

I know the budget situation is drastically different going into the 2007 Farm Bill debate in comparison to the 2002 Farm Bill. I feel that the conservation provisions of the farm bill are important to help producers afford to be good environmental stewards.

I would like to address The Environmental Quality Incentives Program (EQIP) within Title II of the 2002 Farm Bill. EQIP provides poultry producer's critical financial support on conservation practices such as; stacking sheds, amendments to treat animal manures, fence, stream crossing, and others. EQIP funds should not be used for wildlife habitat over conservation needs since there are other programs to fund habitat.

I would like to see the program continued within the 2007 Farm Bill, though, with price adjustments included so that the escalating prices of materials are accounted for. For example, my EQIP contract calls for alum for 3 years at \$250.00 per ton. This amount initially covered the cost of the alum. Now the cost is nearly \$500.00 per ton. The new contracts cover the cost and the existing contracts haven't been adjusted.

The Conservation Security Program (CSP) is a working land conservation program that rewards farmers and ranchers for being good stewards of the land. It provides financial and technical assistance to promote the conservation and improvement of soil, water, air, energy, plant and animal life.

CSP works great in conjunction with EQIP, as it rewards the farmer and rancher for being a good conservationist and helps offset expenses for ongoing projects. The one problem CSP has is that not everyone is eligible to participate. I feel the program should be open to all farmers and ranchers across the United States.

The Conservation Reserve Program (CRP) is a land retirement conservation program , which addresses soil, water, and related natural resource concerns. The program is funded through the Commodity Credit Corporation (CCC). The Commodity Credit Corporation (CCC) makes annual rental payments based on the agriculture rental value of the land, and it provides cost-share assistance for up to 50 percent of the participant's costs in establishing approved conservation practices. Participants enroll in CRP contracts for 10 to 15 years.

The Conservation Reserve Program reduces soil erosion, protects the Nation's ability to produce food and fiber, reduces sedimentation in streams and lakes, improves water quality, establishes wildlife habitat, and enhances forest and wetland resources. It encourages farmers to convert highly erodible cropland or other environmentally sensitive acreage to vegetative cover, such as tame or native grasses, wildlife plantings, trees, filter strips, or riparian buffers. Farmers receive an annual rental payment for the term of the multi-year contract. Cost sharing is provided to establish the vegetative cover practices.

At the end of the CRP contract, farmers would like to have the option to re-enter into another contract. The advantage for re-entry is the same for establishing the conservation project in the beginning.

I would ask that consideration be given to support the use of animal manure to replace chemical fertilizers. Poultry litter is in excess in some watersheds like the Illinois and is being moved to areas where crops are grown and phosphorous is needed. The high cost of fuel limits how far it can be moved. Currently the value of broiler litter is about \$40-50 per ton just for the N-P-K, not counting the organic matter and other beneficial soil nutrients. Could something be done such as eliminating federal fuel taxes on fuel being used to move excess litter out of impaired watersheds such as the Illinois River?

I support full research and development for the increased production of all forms of renewable fuels from agricultural resource for energy use, including biomass, which includes waste wood products. I favor biodiesel incentives through tax credits of at least 10 years in duration and through other appropriate measures such as a renewable fuels standard.

Mr. Chairman, the 2002 Farm Bill not only established a safety net for our producers, but it also provides leverage for international trade negotiators and needed conservation program support. I support the concepts of the 2002 Farm Bill for inclusion in the 2007 legislation.